

# **Fiscal Services Division Legislative Services Agency Fiscal Note**

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HF 2561 - Job Training & Retraining, Job Corp (LSB 6413 HZ)  
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Fiscal Note Version - New

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## **Description**

House File 2561 creates a job corps center new jobs tax credit and allows Iowa employers who hire a graduate of an Iowa job corps center for a full-time position within six months of graduation to claim a tax credit of up to \$1,182 per graduate for the first 12 months the graduate is employed. The Bill also earmarks tax credits for graduates who enroll in an Iowa community college within six months of graduation from an Iowa job corps center. The tax credits are earmarked for up to three years from the date the graduate enrolls in the community college. The credit is awarded to an Iowa employer once the graduate is employed in a full-time position. The credits apply to the first 12 months of the graduate's employment. The tax credit may be used against personal and corporate income tax liability.

## **Assumptions**

1. There is one job corps center in Iowa. The Center in Denison places an average of 230 job corps graduates per year in Iowa jobs. Approximately 76.5%, or 176 of the graduates placed, are placed in full-time jobs. Approximately 88.0%, or 155 of these placements occur within six months of graduation from the Denison Job Corps Center.
2. Graduates of the Denison Job Corps Center placed in full-time positions in Iowa earn on average \$8.27/hour. This equates to an average annual wage of approximately \$17,000.
3. Each graduate who is placed will be employed for a full year. The employer will receive on average a tax credit of \$1,032 per placement (6.0% of \$17,000).
4. On average, ten graduates per year from the Denison Center are placed within six months of graduation in an Iowa community college. The Denison graduates who graduate from an Iowa community college will be employed at a wage rate equal to or greater than the taxable wage base as calculated by the Unemployment Compensation Program (\$19,700 for FY 2004). Each graduate who is placed will be employed for a full year. The maximum tax credits of \$1,182 (6.0% of \$19,700) per graduate will be awarded to Iowa employers.
5. The Bill specifies that this act takes effect upon enactment and is retroactively applicable to tax years beginning on or after January 1, 2004.
6. The Department of Revenue would use existing staff to implement the provisions of this Bill.

## **Fiscal Impact**

House File 2561 will reduce General Fund revenues by approximately \$170,000 annually starting in FY 2004.

## **Source**

Denison Job Corps Center

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Dennis C Prouty

April 5, 2004

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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